



Health Services
LOS ANGELES COUNTY

December 12, 2006

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TO: Each Supervisor

FROM: Bruce A. Chernof, M.D.
Director and Chief Medical Officer

SUBJECT: DHS FISCAL OUTLOOK AND STRATEGIC PLAN UPDATE

FISCAL OUTLOOK UPDATE

Attached (Attachments A1-A3) for your information is a Summary of Changes in the DHS Fiscal Outlook through December 4, 2006.

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Short-Term

As indicated in Attachment A2, we expect to have a positive balance in the DHS designation fund at the end of the current fiscal year. However, this fund is expected to be fully depleted in Fiscal Year 2007-08 and a funding shortfall is projected of between \$28.3 million and \$328.3 million depending on which pending developments actually occur. To address the projected short-term shortfall, we will be working with the CAO and your offices to develop recommended budgetary adjustments as part of the Fiscal Year 2007-08 budget development process.

Long-Term

As for the five-year cumulative Fiscal Outlook, Attachment A1 begins by reflecting the Estimated Cumulative Year-End Fund Balances/(Shortfalls) through September 18, 2006, the date cut-off of our last update. At that time, the projected cumulative funding shortfall through Fiscal Year 2009-10 was \$1,162.9 million. Following the adjustments shown on Attachment A1, the cumulative shortfall (at the bottom of A1) through Fiscal Year 2009-10 is now only slightly changed to \$1,165.5 million. As is our usual practice this time of year, we drop the prior fiscal year (Fiscal Year 2005-06 in this case) and add an additional year (Fiscal Year 2010-11 in this case) to maintain our five-year forecasting horizon. In doing so, the five-year cumulative shortfall increases substantially, to \$1,626.1 million.

To address this long-term shortfall, the Department has developed and started implementation of its Deficit Management Plan. The projected budget savings over the five fiscal years from our Deficit Management Plan actions are currently as follows:



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<u>Action</u>	<u>Estimated Cumulative \$ Impact Through Fiscal Year 2010-11 (\$ In Millions)</u>
Estimated Cumulative Funding Shortfall Through Fiscal Year 2010-2011	\$(1,626.1)
Internal:	
Conversion of Nursing Registries to County Employees	\$ 30.5
Ancillary Service Improvements	24.5
Reduction in Medi-Cal TAR Denials	17.0
Resolution of Mental Health Services Issues	236.7
Unused Fiscal Year 2005-06 County Contribution	<u>47.0</u>
Adjusted Cumulative Shortfall	\$(1,272.4)
Subject to State/Federal Approval:	
Managed Care Rate Supplement	
Base Adjustment	30.0*
Proposed Recapture of CBRC Gap Payments	215.0
Medi-Cal Redesign "Coverage Initiative"	<u>121.6**</u>
Adjusted Cumulative Shortfall (This amount would have been \$432.0 million less had the November 2006 Tobacco Tax Initiative been approved by the voters.)	\$ (903.8)
<i>Pending Federal Rule</i>	(<u>900.0</u>)
Adjusted Cumulative Shortfall	\$(1,803.8)

*The previous "base" amount for the managed care rate supplement included in the last Fiscal Outlook update of \$376.0 million is also "subject to State/Federal approval", but was included in the cumulative shortfall amount before the "Proposed Deficit Management Actions", since it was already in the CAO Proposed Budget for Fiscal Year 2006-2007. By adding Fiscal Year 2010-11, the \$376.0 million increases to \$470.0 million.

**This amount has been reduced from prior estimate due to uncertainty over the anti-supplantation provision.

STRATEGIC PLAN UPDATE

The Department's Strategic Plan to manage the structural deficit has focused on three critical areas:

- (1) Implementation of Efficiencies and Cost Reductions that could be implemented during the current Fiscal Year.
- (2) Revenue Enhancement Opportunities in this current Fiscal Year.

(3) Long-term Strategic Planning Efforts:

- Implement "System-ness" initiatives, including consolidation of some specialty programs and the implementation of department-wide, standardized unit staffing and productivity metrics.
- Reduce barriers between community-based primary care and hospital-based specialty care, including the addition of ambulatory diagnostic centers and promotion of more community-based specialty care.
- Implement a Medical Home Case Management and Health Benefit Program for chronically ill high-utilizers to help reduce utilization and improve quality of care.
- Complete and implement a Medical Benefits Package that clearly identifies which services are provided or excluded.

(1) Implementation of Efficiencies

Reductions in Use of Registry Nurses

An intense effort to allocate additional items and increase hiring of nurses and Certified Nursing Attendants (CNAs) instead of using registry CNAs at DHS hospitals has been undertaken, which will result in estimated savings of \$2.3 million in Fiscal Year 2006-07. This savings is \$1.3 million greater than the original savings target of \$1.0 million.

Ancillary Services Savings

Pharmacy - Three separate initiatives are underway regarding pharmaceutical purchasing:

- The first involves quarterly monitoring of pricing changes to take advantage of time-limited vendor discounts.
- DHS Pharmacy Services is also working to negotiate cost savings for high volume/high dollar pharmaceuticals, through standardization of purchasing contracts.
- A third pharmacy initiative institutes a mandatory generic substitution policy, with exceptions for clinical reasons. This will be monitored by the DHS Core Pharmacy & Therapeutics Committee.

The above three actions in the pharmacy area may produce up to \$1.0 million in savings in excess of those included in this report, but these potential savings are still being analyzed.

Laboratory – Laboratory Initiatives are underway to standardize purchasing of equipment, reagents, as well as sending out of laboratory tests. These efforts are expected to result in savings of approximately \$200,000 by the end of the current fiscal year.

The Department has pursued standardized purchasing of surgical and procedural and other supplies resulting in rebates for fiscal year 2005-06 of approximately \$3.78 million.

Medi-Cal Treatment Authorization Request (TAR) Denials

Current fiscal year data show a 28% reduction in TAR Denials, substantially above the 10% reduction target shown in Attachment A2. While it is not known whether the 28% actual reduction can be sustained through the full fiscal year, this certainly is a strong indicator that at least the 10% reduction target will be fully realized.

Mental Health Services

- **Transfer of Psychiatric Outpatient Clinic at LAC+USC**
Budget savings of approximately \$1.1 million annually will be realized by transferring the operation of the psychiatric outpatient clinic at LAC+USC Medical Center to DMH. The clinic at LAC+USC is the last existing DHS-operated psychiatric clinic; clinic operations at the other DHS hospitals have already been transferred to DMH control. No impact on access or quality of care is expected.
- **Resolution of DMH Funding for DHS-Provided Psychiatric Services**
Discussions are underway between DHS, DMH and the CAO to develop a fair reimbursement methodology for psychiatric services provided by DHS on behalf of DMH, and to reach agreement on appropriate psychiatric service levels to be provided by DHS. The CAO anticipates completion of a revised Memorandum of Understanding (MOU) between the two departments by January 2007. The expected annual revenues to DHS will be approximately \$40.7 million, based on the variance between the current DMH reimbursement level and the State Maximum Allowance (SMA) rates.

Operational Efficiencies

King/Drew Medical Center (KDMC) did not meet all 23 Conditions of Participation in its most recent Centers for Medicare and Medicaid Services (CMS) review. As a result, KDMC's certification was scheduled to be terminated effective November 30, 2006. The Department's development and implementation of the MetroCare Plan has resulted in CMS extending the contract termination until March 31, 2007, preserving vital federal funding. The MetroCare model will yield savings, improve care, and most importantly, result in the new Martin Luther King Jr. – Harbor Hospital meeting all conditions of participation in its next CMS survey. The implementation of the MetroCare Plan has also resulted in one-time start-up and transition costs. The Department has removed the previously noted \$20.8 million in efficiency savings from its Fiscal Forecast, because any savings need to be determined within MetroCare as a whole. Under MetroCare, it is currently estimated that KDMC's variable costs for services will be reduced to levels incurred by Harbor for similar services

(2) Revenue Enhancement Opportunities

The Tobacco Tax Initiative did not pass in the November 2006 elections, resulting in the loss of \$96 million annually to the County as the Department had hoped for.

The Managed Care Rate Proposal is nearing completion. The Department has worked closely with LA Care and the State Department of Health Services to complete the necessary documentation for submission to CMS.

The Hospital Financing Waiver has yielded more revenue than initially projected, which was reflected in the Department's previous Fiscal Outlook updates to your Board. The amounts for the current forecasting periods are shown in Attachment A3, Note (A).

Health Care Coverage Initiative (CI)

The State has issued a Request for Applications for the Health Care Coverage Initiative, a federally-funded program intended to increase health care coverage for low-income people who are uninsured. LACDHS is eligible to apply for a maximum of \$54.0 million, and is in the process of developing an application for this program. Adult patients with selected chronic diseases including diabetes, asthma, and hypertension who are seen in DHS and PPP facilities and have no other coverage would be enrolled into a comprehensive outpatient program that would provide targeted services based on each patient's burden of illness and health care utilization. Due to uncertainty over the anti-supplantation provision, the projected net new revenue has been reduced from \$54.0 million to \$30.4 million.

Recent notices from the State indicate that citizenship screening may be required prior to enrollment. If implemented, this requirement will severely hamper our ability to provide an effective program to the highest utilizers of our system.

(3) Long-term Strategic Planning Efforts

In July and August 2006, the Department convened a series of eleven stakeholder groups to solicit input for the Department's strategic planning process, especially strategic suggestions around reducing the budget deficit while maintaining quality of care and without reducing services. Internal workgroups have been developing plans based on a number of the ideas generated in the stakeholder meetings, and this work will continue into Spring 2007.

System-ness Initiatives

The Department has developed a Cooperative Surgery Program to address surgery backlogs at Harbor-UCLA, Olive View-UCLA, and LAC+USC. Some of the backlog can be reduced cost-effectively by partnering with other DHS facilities that have under-

utilized operating room capacity. Partnerships have been established between OV-UCLA and High Desert Health System, between LAC+USC and Hudson Comprehensive Health Center, and between Harbor-UCLA and Rancho Los Amigos. So far, one Olive View patient has received a surgery at High Desert as a result of the program. Additional cases are being identified for referral. The LAC+USC/Hudson and Harbor/Rancho cooperatives are awaiting identification of a surgeon and some equipment. While no cost savings are expected from this program, patients will have shorter waits for needed surgical procedures.

Unique Patient Identifier

DHS is in the process of addressing a long-standing problem with patient identification in its facilities. Several phases are planned, with the first step being the clean-up of duplicate patient records within each of the six Affinity computer systems, which currently are not linked to each other. This clean-up is under way and will be completed in December 2007. The second phase will link the six different systems to a common index so patient care can be coordinated across facilities and networks. The target for completion of this second phase is December 2009. A third phase will provide linkages between DHS and other departments (including DMH and the Department of Children and Family Services).

Standardization of Staffing Levels

Nurse staffing varies widely among DHS facilities. Standardizing staffing based on patient acuity will improve quality of care, ensure compliance with regulations, reduce the use of registry nurses and improve nurse retention. The Office of Nursing Affairs has completed an initial review of the staffing grid utilized by DHS facilities. Preliminary data indicate opportunities to standardize staffing indicators such as nursing hours per patient day, staffing mix, and patient acuity. The office is working with representatives from each DHS facility to develop and implement a standardized template for coding, data entry, and counting staff variances. Once completed, the office plans to establish a standardized staffing grid and project financial savings as a result of standardization by February 2007.

With respect to standardizing staffing levels in other areas, LAC+USC has engaged a consultant, ACS, to develop a zero-based budget for the new medical center, including recommended staffing levels. This consultant's work is currently targeted for completion in May, 2007. It is our intent to use the methodology employed by the consultant to standardize the staffing at our other hospitals, beginning with Olive View/UCLA Medical Center, and then continuing on progressively to Martin Luther King, Jr. - Harbor Hospital, Harbor/UCLA Medical Center and Rancho Los Amigos National Rehabilitation Center.

Improvements in Patient Flow through DHS Facilities and Services

The DHS Patient Flow Task Force, convened in January 2005, developed a series of recommendations to ensure timely access to the most appropriate venue of care for both inpatients and outpatients, and corresponding increases in Medi-Cal reimbursement. Initiatives currently under way include the following workgroups:

1) Outpatient Appointments and Referrals; 2) Bed Control/Bed Management;
3) Outpatient Diagnostic Referrals; 4) Delegated Treatment Authorization Request (TAR) Authority; and 5) Utilization Case Management.

Other Deficit Reduction Efforts

Additional efforts to reduce the deficit include the development of an Information Technology Strategic Plan for the department, implementation of a system-wide unique patient identifier, system-wide implementation of a web-based specialty referral system, and standardization of specialty referral guidelines. We will continue to report on these efforts as they develop.

Revenue Generating Patients

The Department continues to investigate opportunities for generating revenues within DHS' existing capacity by increasing the volume of patients covered by Medi-Cal, Medicare and private insurance, including managed care. Such opportunities may be limited due to the marginal cost of implementation and the need to maintain the health care safety net for mandated patients.

These expansions, however, must be approached with caution. While there is financial value to obtaining revenue generating patients, to the extent the Department's infrastructure is reduced through consolidations or other budgetary actions the capacity and ability to treat these patients may be diminished in the future.

One area that continues to receive attention is contracting with managed care plans as a provider network. DHS has worked over the past few years to enter into provider agreements with private managed care plans to provide services to their Medi-Cal managed care members. Such contracts were initially viewed as a vehicle to maintain our Medi-Cal payer mix through Medi-Cal beneficiaries enrolled in Medi-Cal managed care plans, and ensure reimbursement for non Medi-Cal patients who utilize DHS facilities for emergency and other services. However, it appears that many of these plans may be/may desire to be paying DHS a basic rate, but DHS treatment is often for the most expensive patients, e.g., emergency admissions and emergency room visits. Therefore, the cost of providing care may exceed the revenue generated. The Department is continuing to evaluate the benefit of these arrangements, and, to the extent possible, will renegotiate these agreements to obtain more favorable fiscal terms.

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Additionally, DHS continues to work to improve collections from Medi-Cal managed care plans (contract and non-contract) and other available sources for services rendered. This includes constant scrutiny of the many processes and contracts already in place to maximize revenue collection.

Please let me know if you have any questions or desire further information.

BAC:gww
609:005

Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
SUMMARY OF CHANGES IN THE DHS FISCAL OUTLOOK
SEPTEMBER 18, 2006 THROUGH DECEMBER 4, 2006

	Fiscal Year / Columns / \$ In Millions					
	06-07 / (1)	07-08 / (2)	08-09 / (3)	09-10 / (4)	10-11 / (5)	Total / (6)
(1) Estimated <u>Cumulative</u> Year-End Fund Balances/(Shortfalls) - 9/18/06 ^(A)	\$ 107.6	\$ (269.9)	\$ (724.7)	\$(1,162.9)	\$ (1,601.1) ^(L)	\$ (1,601.1)
(2) Reflect <u>MetroCare Plan</u> per estimates developed on November 30, 2006. ^(B)	(39.4)	(50.0)	(25.0)	4.2	5.8	(104.4)
(3) Reverse <u>efficiency savings</u> at K/DMC (replaced by MetroCare) per November 20, 2006 memo to the Board (replaced by MetroCare using H/UCLA's variable costs).	(20.9)	(29.5)	(30.8)	(32.1)	(32.1)	(145.4)
(4) CAO adjust <u>debt service costs</u> to reflect the latest estimates for Tobacco Securitization approved by the Board on November 21, 2006.	(0.6)	19.8	39.6	39.4	40.1	138.3
(5) Adjust <u>Medicare revenue</u> estimates per information received from the facilities for FY 06-07 and HSA Programs and Audits for FY's 07-08 through 10-11 in November 2006.	17.4	17.8	18.0	18.1	20.7	92.0
(6) Adjust <u>FY 10-11 expense base</u> for salary COLA, employee benefits, services and supplies CPI, pharmaceutical CPI, services from other County departments COLA, medical school agreements COLA, and the Harbor/UCLA surgery/emergency incremental operating costs resulting from to be completed capital improvements, offset by adjustments to the <u>revenue base</u> for Medi-Cal Redesign, CBRC, CHP Equity Distribution, and Vehicle License Fee revenue.	-	-	-	-	(59.3)	(59.3)
(7) Adjust <u>employee benefits</u> per CAO estimates for FY 06-07 and refinement of estimates for FY 07-08 through 10-11 in November 2006. ^(C)	17.3	(7.0)	2.1	3.6	3.6	19.6
(8) Adjust <u>Clinical Resource Management</u> costs for the current fiscal year per estimates received in November 2006.	15.6	-	-	-	-	15.6
(9) Adjust <u>LAC+USC order management/document imaging and transition costs</u> per facility estimates received in November 2006.	0.4	(3.2)	(2.3)	8.6	-	3.5
(10) Change in <u>current year operating forecast</u> received in November 2006/Other minor one-time and ongoing changes. ^(D)	12.6	3.5	1.3	(1.1)	(1.2)	15.1
(11) Forecast improvement/(reduction) roll-forward	-	2.4 ^(E)	(46.2) ^(E)	(43.3) ^(E)	(2.6) ^(E)	-
(12) Revised Estimated <u>Cumulative</u> Year-End Fund Balances/(Shortfalls) - 12/4/06 ^(A)	\$ 110.0	\$ (316.1)	\$ (768.0)	\$(1,165.5)	\$ (1,626.1)	\$ (1,626.1)

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
SUMMARY OF CHANGES IN THE DHS FISCAL OUTLOOK
SEPTEMBER 18, 2006 THROUGH DECEMBER 4, 2006

	Fiscal Year / Columns / \$ In Millions					
	06-07 / (1)	07-08 / (2)	08-09 / (3)	09-10 / (4)	10-11 / (5)	Total / (6)
(13) Revised Estimated <u>Cumulative</u> Year-End Fund Balances/(Shortfalls) - 12/4/06 ^(A) (cont.)	\$ 110.0	\$ (316.1)	\$ (768.0)	\$ (1,165.5)	\$ (1,626.1)	\$ (1,626.1)
<u>Proposed/Potential Deficit Management Actions</u>						
<u>Internal:</u>						
(14) Conversion of Nursing Registries to County Employees ^(F)	2.3	3.0	5.5	8.3	11.4	30.5
(15) Ancillary Services Improvements [Pharmacy (\$1.6M), Laboratory (\$0.5M), Standardized Medical Supplies (\$2.8M)]	4.9	4.9	4.9	4.9	4.9	24.5
(16) Reduction in Medi-Cal TAR Denials (10%)	3.4	3.4	3.4	3.4	3.4	17.0
(17) Resolution of Mental Health Services Issues	44.6 ^(G)	45.9	47.3	48.7	50.2	236.7
(18) Unused FY 05-06 County Contribution	47.0 ^(H)	-	-	-	-	47.0
(19) Forecast improvement/(reduction) roll-forward	-	102.2 ^(E)	159.4 ^(E)	220.5 ^(E)	285.8 ^(E)	-
(20) Adjusted Estimated Cumulative Year-End Fund Balances/(Shortfalls) - 12/4/06 ^(A)	\$ 212.2	\$ (156.7)	\$ (547.5)	\$ (879.7)	\$ (1,270.4)	\$ (1,270.4)
<u>Subject to State/Federal Approval:</u>						
(21) Managed Care Rate Supplement:						
(22) Base Adjustment ^(I)	6.0	6.0	6.0	6.0	6.0	30.0
(23) Proposed Recapture of CBRC Managed Care Gap Payment Loss	43.0	43.0	43.0	43.0	43.0	215.0
(24) Medi-Cal Redesign Coverage Initiative Application ^(J)	-	30.4	30.4	30.4	30.4	121.6
(25) Forecast improvement/(reduction) roll-forward	-	49.0 ^(E)	128.4 ^(E)	207.8 ^(E)	287.2 ^(E)	-
(26) Adjusted Estimated Cumulative Year-End Fund Balances/(Shortfalls) - 12/4/06 ^(A)						
If all Internal and Subject to State/Federal Approval actions are successful	\$ 261.2	\$ (28.3)	\$ (339.7)	\$ (592.5)	\$ (903.8)	\$ (903.8)
(This amount would have been \$432.0M less had the November 2006 Tobacco Initiative been approved by the Voters)						
(27) Pending Federal Rule Limiting Medicaid Reimbursement to Public Hospitals to Medicaid Cost ^(K)	(100.0)	(200.0)	(200.0)	(200.0)	(200.0)	(900.0)
(28) Forecast improvement/(reduction) roll-forward	-	(100.0) ^(E)	(300.0) ^(E)	(500.0) ^(E)	(700.0) ^(E)	-
(29) Adjusted Estimated Cumulative Year-End Fund Balances/(Shortfalls) - 12/4/06 ^(A)						
If all Internal, Subject to State/Federal Approval actions are successful, and pending Federal rule on line (27) adopted, effective 1/1/07	\$ 161.2	\$ (328.3)	\$ (839.7)	\$ (1,292.5)	\$ (1,803.8)	\$ (1,803.8)

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
SUMMARY OF CHANGES IN THE DHS FISCAL OUTLOOK
SEPTEMBER 18, 2006 THROUGH DECEMBER 4, 2006

Notes

- (A) - Assumes CBRC will be extended for each year beyond FY 04-05. CBRC extension for LA County's outpatient and clinic care was included in the FY 05-06 and FY 06-07 Adopted State Budgets. A Medi-Cal State Plan Amendment to extend the program is currently pending CMS approval.
- Includes estimated additional Medi-Cal Redesign funding, beyond pre Medi-Cal Redesign Medi-Cal revenue levels, of \$132.5M, \$127.1M, \$139.1M, \$131.0M, and \$147.4M for FY's 06-07 through 10-11, respectively (amounts are adjusted in FY 09-10 to reflect the closure/transfer of Rancho).
- (B) Amounts updated from the November 20, 2006 memo to the Board because the variable and fixed cost percentages were revised to reflect the current situation and needs of MetroCare, and to add FY's 09-10 and 10-11. Also includes transition costs related to information technology, enhanced ambulance base and transportation services, contract emergency department physician services, contract hospitalist and contract intensivist physician services, bed relocation, and one-time ramp-up costs at Rancho and OV/UCLA (see Attachment B).
- (C) FY 07-08 reflects the reduction of the LACERA credit to zero. FY's 08-09 through 10-11 reflect refinements in the pension obligation bond costs.
- (D) FY 06-07 reflects higher than anticipated prior year Medi-Cal revenue; FY's 07-08 through 10-11 reflect refinements in the estimated salary COLA.
- (E) These amounts represent the cumulative change in the forecast from the prior fiscal year. For example, the \$2.4 million in FY 07-08 is \$110.0 million - \$107.6 million from FY 06-07.
- (F) Reflects the conversion of nursing registries to County employees. Utilization of nursing registries are to be reduced by 5% in both FY's 06-07 and 07-08, and 7.5% in FY's 08-09 through 10-11, and will be offset with additional salaries for County employees.
- (G) Includes psych services (\$40.7M), admin days paid as acute days (\$2.8M), and the outpatient clinic at LAC+USC (\$1.1M). Amounts are for FY 06-07 and increased by a 3% COLA in FY's 07-08 through 10-11.
- (H) This amount relates to the unused County contribution for the Managed Care Rate Supplement for FY 05-06. This amount is reserved in the County general fund in a designation account for DHS.
- (I) The "base" amount for the managed care rate supplement of \$470 million (\$94 million per year x 5 years) is also "subject to State/Federal approval", but is included in the cumulative fund balances/shortfalls before the "Proposed Deficit Management Actions", since it is already in the Final Budget for Fiscal Year 2006-07.
- (J) Reduced from prior estimate of \$54.0 million due to uncertainty over anti-supplantation provision. FY 09-10 amount assumes Medi-Cal Redesign 1115 Waiver extension and continuance of its Coverage Initiative component.
- (K) It is also rumored that the pending federal rule may further limit the use of Intergovernmental Transfers (IGT's). Under Medi-Cal Redesign, it is anticipated that DHS will generate about \$240 million a year of DSH funding using IGT's. Some or all of this amount may be at risk.
- (L) This amount is computed by taking the difference in FY 09-10 over FY 08-09 (\$1,162.9M - \$724.7M = \$438.2M) and adding it to the Estimated Cumulative Year-End Shortfall of \$1,162.9M (\$1,162.9M + \$438.2M = \$1,601.1M)

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COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
METROCARE PLAN ESTIMATED TRANSITION COSTS
\$ in Millions

	<u>Costs</u>
<u>MLK-Harbor Hospital Costs</u>	
Information Technology	10.2 + ⁽¹⁾
Enhanced Ambulance Base and Transportation Services	1.2 ⁽²⁾
Contracts for Enhanced Hospital Services	
Emergency Department Physician Services	18.0 ⁽³⁾
Hospitalist and Intensivist Physician Services	9.0 ⁽⁴⁾
MetroCare Plan Transition Costs	17.6 ⁽⁵⁾
One-time Ramp-up @ RLA/OV	3.7 ⁽⁶⁾
Total Estimated Transition Costs	<u>\$ 59.7 +</u>

- ⁽¹⁾ Includes hardware, software, professional services (system implementation/process standardization). Costs to be incurred over four years. Does not include additional County staffing needs.
- ⁽²⁾ Includes Ambulance Base and transportation. Does not include ambulance runs at \$150 per call.
- ⁽³⁾ Reflects \$6.0M per year for 3 years. Annual amount per the November 28, 2006 Board letter regarding agreements for the implementation of the MetroCare Plan.
- ⁽⁴⁾ Reflects \$3.0M per year for 3 years. Annual amount per the November 28, 2006 Board letter regarding agreements for the implementation of the MetroCare Plan.
- ⁽⁵⁾ Reflects the net cost over three years to DHS of transferring beds to other DHS hospitals offset by reduced costs for the downsized MLK-H per November 30, 2006 estimates. Excludes costs related to excess K/DMC employees.
- ⁽⁶⁾ Includes one-time equipment cost (\$3.2M) and building refurbishment (\$0.2M) for RLA. Includes labor overtime, various S&S, and one-time equipment costs (\$0.3M) for OV.